

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501

4 Richmond, Virginia 23219

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9 **Southwest Economic Development Committee**

10 Monday, April 24, 2006

11 2:00 p.m.

12
13 Southwest Virginia Higher Education Center

14 Abingdon, Virginia

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CRANE-SNEAD & ASSOCIATES, INC.
4914 Fitzhugh Avenue, Suite 203
Richmond, Virginia 23230
Tel. No. (804) 355-4335

1 **APPEARANCES:**

2 The Honorable Terry G. Kilgore, Chairman

3 Mr. Stephen S. Banner

4 Mr. Fred M. Fields

5 The Honorable Joseph P. Johnson, Jr.

6 Mr. H. Ronnie Montgomery

7 The Honorable Phillip P. Puckett

8 The Honorable William C. Wampler, Jr.

9 Mr. Rick Siger, Deputy Secretary of Commerce & Trade

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11 COMMISSION STAFF:

12 Mr. Ned Stephenson, Acting Executive Director

13 Mr. Timothy Pfohl, Grants Program Administration Manager

14 Ms. Stephanie Wass, Director of Finance

15 Ms. Sara Griffith, Grants Coordinator, Southwest Virginia

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17 OFFICE OF THE ATTORNEY GENERAL

18 Mr. Francis N. Ferguson, Deputy Attorney General, Counsel for the
19 Commission

20 Ms. Stephanie Hamlett, Senior Assistant Attorney General, Bond Counsel

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1 DELEGATE KILGORE: All right, I'll call the
2 meeting of the Southwest Economic Development Committee to order.

3 Ned, would you call the roll?

4 MR. STEPHENSON: We have a quorum, Mr.
5 Chairman, but I'll call the roll for the record.

6 Mr. Banner?

7 MR. BANNER: Here.

8 MR. STEPHENSON: Mr. Fields?

9 MR. FIELDS: Here.

10 MR. STEPHENSON: Secretary Gottschalk's
11 designee, Rick Siger?

12 DEPUTY SECRETARY SIGER: Here.

13 MR. STEPHENSON: Delegate Johnson?

14 DELEGATE JOHNSON: Here.

15 MR. STEPHENSON: Delegate Kilgore?

16 DELEGATE KILGORE: Here.

17 MR. STEPHENSON: Mr. Montgomery?

18 MR. MONTGOMERY: Here.

19 MR. STEPHENSON: Senator Puckett?

20 SENATOR PUCKETT: Here.

21 MR. STEPHENSON: Mr. Thompson?

22 MR. THOMPSON: (No response.)

23 MR. STEPHENSON: Senator Wampler?

24 SENATOR WAMPLER: Here.

25 MR. STEPHENSON: You have a quorum, Mr.

1 Chairman.

2 DELEGATE KILGORE: Thank you, Ned. Before
3 we go any further into the Agenda, do I have a motion that we approve the
4 July 8, 2005 meeting Minutes?

5 DELEGATE JOHNSON: So moved.

6 MR. BANNER: Second.

7 DELEGATE KILGORE: It's been moved and
8 seconded that we approve the Minutes. All in favor say aye? (Ayes.) All
9 right.

10 In accordance with the structure we adopted this morning, I will
11 now, what we'll do now is go through with the Staff with Tim Pfohl, and he'll
12 go through each of the projects and give us the Staff recommendation and
13 also give us a little background on the projects. If members of the
14 Committee have any questions, that would be the time to ask. Then after we
15 go through all the projects, we'll go back and go through them line-by-line
16 on a one-objection rule to the Staff's recommendation. Does that seem like a
17 fair way to go?

18 All right, Tim.

19 MR. PFOHL: Good afternoon, Mr. Chairman, and
20 everyone.

21 Just to set the table a little bit, the balance that is available is
22 \$2,764,000 of restricted funds as the proceeds from our securitization
23 process, and as such, they can only be used on capital expenses by eligible
24 applicants, which in short has to be a group not controlled by the
25 Commonwealth of Virginia.

1 DELEGATE KILGORE: Tim, what you're saying
2 is you cannot use restricted funds for personnel and things of that nature?

3 MR. PFOHL: Exactly. The Committee does have
4 a balance of \$664,675 of unrestricted funds from previous years.

5 DELEGATE KILGORE: That's due to the saving
6 nature of this Committee, is that correct, Tim?

7 MR. PFOHL: That's a one-shot availability
8 because we did not envision in the budgeting process that this Economic
9 Development Committee and its Southside counterpart would receive
10 unrestricted funds anymore, so that's a rare commodity. The plan is that you
11 would continue to be funded in future budgets from restricted funds only.
12 That will encourage your frugality with the unrestricted funds.

13 We received 23 requests by the March 1 deadline for this
14 program. We conducted a grant application workshop in January here. A lot
15 of folks who have participated in that workshop are here requesting funds
16 today. The Special Projects Committee this morning also sent you two or
17 three requests that were in that fund for consideration. So, we'll do our best
18 to summarize those, knowing that you probably haven't seen those
19 applications yet.

20 With that, I'll launch into this alphabetically and start with the
21 Town of Abingdon, which applied for a Farmer's Market and Community
22 Center Project, \$70,000.00 for construction, a request for a new site to
23 accommodate a market that's been located in the Town's own parking lot for
24 the last several years.

25 Do you have any questions about the specifics of the proposal?

1 Please stop me; otherwise, I'll just continue on.

2 DELEGATE KILGORE: If anyone has any
3 questions, now is the time to ask; otherwise, Tim, just keep going.

4 MR. PFOHL: Appalachian Sustainable
5 Development is requesting \$70,000 of capital expenses for Training and
6 Infrastructure Development to Meet Organic Market Demand. Specifically,
7 they're looking to purchase a larger refrigerated tractor-trailer, a commercial
8 grape tomato grading line and the building of a cooled 1,500 square foot
9 tomato room and a cooled satellite drop-off facility, and upgrades to the
10 existing packing house. This will help solve some of the logistical travel
11 problems getting their produce to their sorting facilities.

12 DELEGATE KILGORE: You should stop by and
13 see it if you haven't, and see what they're doing.

14 MR. PFOHL: The Barter Theater is asking for
15 \$75,000, an amended request. Their scene shop burned in late February of
16 2006 and they got an application in by March 1 to assist getting them back in
17 business and building some scenery for their various productions. They
18 initially asked for \$100,000, and that's been reduced to \$75,000.

19 The next is the Bristol Historical Association, non-profit
20 application, is requesting funds, \$31,500.00 for architectural design and
21 conservation plans and renovation of the 1867 I. C. Fowler House and
22 regional photo gallery. That's on the site of the 1867 I. C. Fowler House in
23 Bristol.

24 Next is the Burley Tobacco Festival & Farm Show, Inc., a non-
25 profit owned and operated by the Washington County Fairgrounds Road

1 Project. They're requesting \$100,000 to build a second entrance road
2 through some town property, and then on to their property at the fairgrounds.
3 This will deal with some of the congestion issues and traffic in getting in and
4 out of that facility.

5 DELEGATE KILGORE: Tim, this could be
6 considered restricted funds?

7 MR. PFOHL: Yes, for construction.

8 The Industrial Development Authority of Dickenson County --

9 DELEGATE JOHNSON: -- On this Burley
10 Tobacco Festival and Farm Show, before we leave that --

11 DELEGATE KILGORE: -- We'll come back to the
12 ones that we want to relook at when he gets through his explanation. We'll
13 come back to that. If you want to bring something up now, you can.

14 DELEGATE JOHNSON: I was going to read from
15 the Minutes of the meeting last year of July 8, 2005.

16 DELEGATE KILGORE: You want to go ahead
17 and do that now?

18 DELEGATE JOHNSON: All right. I was out of
19 town at the time of that meeting, July 8, 2005, Mr. Chairman, when this was
20 first heard, and it was made reference to in here in the Minutes that it's been
21 considered two times. I'm now going to read from the Minutes, and I
22 believe I was the only one that was not there, and all these other people were
23 here.

24 So let me read from the Minutes of that meeting, "Delegate
25 Kilgore: I guess what we're saying is if we can get the Agribusiness

1 Committee to help, I think this is a good project that would fit in the
2 Agribusiness Committee's structure, and it has something to do with their
3 goals. We're not saying you're not going to get help, but we think the
4 Agribusiness Committee might be a more appropriate place to fund this. Joe
5 Johnson is the chairman of that one, so I think you can come out pretty
6 successful." (Page 17, lines 13-19.)

7 You were talking to Mr. Ken Reynolds at this meeting, who was
8 making the presentation. Of course, in Agribusiness we had no money, and
9 it was devoted to two projects. We had two big projects, and all the money
10 was spent on those two big projects, and none of the smaller ones were
11 funded. That's the reason why the fairgrounds project was not funded."

12 DELEGATE KILGORE: I'm with you; we'll come
13 back to that.

14 MR. FIELDS: That's the disadvantage of missing
15 a meeting, Delegate Johnson. You get misquoted.

16 DELEGATE JOHNSON: Sir, I read the Minutes,
17 and I want to thank the court reporter.

18 DELEGATE KILGORE: Okay, let's go ahead,
19 Tim.

20 MR. PFOHL: Next is the Industrial Authority of
21 Dickenson County. They are requesting \$103,500.

22 DELEGATE KILGORE: We missed the City of
23 Norton.

24 MR. PFOHL: Well, I see we reversed these. Let's
25 go to the City of Norton, the applicant on behalf of Country Cabin Water

1 Extension, and these funds are to be used to replace a water line, replace a
2 one-inch water line, to get water to the anchor venue on the Crooked Road,
3 and that is an \$80,000 request.

4 SENATOR WAMPLER: What's the total project
5 cost on that?

6 MR. PFOHL: \$100,000.

7 SENATOR WAMPLER: Where did this \$20,000
8 come from?

9 MR. PFOHL: USDA Rural Development,
10 contingency funds from a previous grant.

11 SENATOR WAMPLER: Thank you, Mr.
12 Chairman.

13 DELEGATE KILGORE: Next.

14 MR. PFOHL: The IDA from Dickenson County is
15 requesting a \$103,500.00 to construct an agricultural marketing center,
16 which will be used primarily for telemarketing their calves, the beef cattle.
17 That's a system that's conducted with the Virginia Cattlemen's Association.
18 This will give a certified scale for beef cattle producers to come in and
19 exchange their cattle with the buyers, as well as doing some agricultural
20 training and the farmer's market.

21 The Town of Fries.

22 MR. MONTGOMERY: Did you say a farmer's
23 market?

24 MR. PFOHL: That was indicated.

25 MR. MONTGOMERY: Is this primarily for

1 cattlemen?

2 MR. PFOHL: Primarily, cattle was the primary
3 emphasis. The IDA Director is here and probably can talk about it.

4 SENATOR PUCKETT: If I recall, a couple of
5 years ago there was an application that was part of the project, and we had a
6 problem because we didn't own property. Since then that has been resolved.
7 This would be on a very small-scale equivalent to Tri-State or Abingdon
8 Livestock Market. It would save the Coalfields people from having to
9 transport their cattle.

10 MR. MONTGOMERY: I telemarket my cattle
11 through the DV Auction, Bluegrass Marketing. It doesn't cost me anything.
12 I've got a set of certified scales that cost me something, but Bluegrass
13 Market and others will come in and photograph them free, and you can sell
14 the tractor-trailer loads with no cost to haul them out of the area.

15 MR. BANNER: Was there a site or a building
16 there that was built?

17 MR. PFOHL: There is a site that I believe is
18 currently owned by a motel owner, who has provided a letter saying they're
19 willing to sell.

20 SENATOR PUCKETT: In the Pound area. I think
21 I'm right, or somebody can correct me if I'm wrong, maybe it's Route 83.

22 DELEGATE KILGORE: It's a new one on the
23 line.

24 SENATOR PUCKETT: Near Red Onion.

25 DELEGATE KILGORE: Next.

1 MR. PFOHL: The Town of Fries. The Fries
2 Cultural Heritage Village and Small Business Incubator has requested
3 \$322,730 for the redevelopment of the Riverside site of the former Fries Mill
4 into a cultural heritage village. It will be primarily geared toward outdoor
5 recreation, including an incubator that is affiliated with the Crossroads
6 Entrepreneurial Institute in Galax, Virginia. I believe we assisted them with
7 funding for the Crossroads previously.

8 The Town of Glade Spring - The Virginia Salt Trail Regional
9 Project is requesting design and planning funds for the 14-mile rail line
10 between the Town of Glade Spring to the Town of Saltville. That will be
11 converted into a hiking and biking trail. The \$70,000 request breaks down
12 into \$60,000 for engineering and design, which is arguably eligible for the
13 restricted funds, and \$10,000 for the marketing and business plan, which
14 appears to not be eligible for the restricted funds and only for unrestricted
15 funds.

16 DELEGATE KILGORE: Is there some kind of
17 legal action or something that goes along with this? I don't know.

18 MR. PFOHL: I don't know of any pending legal
19 action, but there's been considerable press about property owners along the
20 trail having concern about the use of the trail. Beyond that I'll defer to
21 anyone local.

22 DELEGATE JOHNSON: There's a suit pending in
23 the Washington County Circuit Court. The Town of Saltville has filed a suit
24 asking that the parties that object not interfere. I know the Judge entered an
25 injunction the other day, Thursday two weeks ago. There's been a counter

1 claim filed against the Town for several hundred thousand dollars, and it is
2 in litigation.

3 MR. PFOHL: The Historic Crab Orchard Museum
4 and Pioneer Park, a non-profit applicant, requested \$200,000 for
5 construction of their Farm Heritage and Events Center. The Historic Crab
6 Orchard received some funding from this Committee to expand their
7 facilities, the original property across 460, developing their meeting space
8 and a newly constructed building.

9 The Town of Lebanon is requesting \$300,000 for industrial and
10 commercial water improvements. They are looking to replace two water
11 storage tanks. One is directly across the street from the technology park that
12 houses a number of prominent businesses, including CGI and Northrup-
13 Grumman, as well as some other Fortune 500 companies. That is all capital
14 improvements.

15 Lee County Industrial Development Authority is requesting
16 \$250,000 for the Patriot Center structural renovations. This is another
17 project that has been before this Committee before, formerly known as the
18 VAMCO property. This would continue the improvements to the former
19 building, and that's essentially been gutted down to the steel shell. It will be
20 improved, and this will be a call center that has expressed interest in leasing
21 space and creating a number of new jobs.

22 DELEGATE KILGORE: Is this project TROF
23 eligible if it creates jobs?

24 MR. PFOHL: If the company is willing to commit
25 to creating jobs and their private investment meets the TROF threshold, yes,

1 there are easily enough jobs to qualify for TROF.

2 Mount Rogers Planning District Commission is asking for
3 \$579,100 for the Carroll County Long Range Water Plan. This would
4 provide engineering and design services, land acquisition, and related legal
5 costs for construction of new water transmission lines, and that would be
6 serviced by the New River Regional Water Authority water treatment plant
7 being developed on the New River. This would bring water service to Exit
8 19 of Interstate 77.

9 DELEGATE KILGORE: Is that the one where the
10 airport exit is, Exit 19?

11 MR. PFOHL: Yes.

12 The Old High School Renovation in Chilhowie. They are a
13 previous grantee, and they're looking for another \$75,000 to continue the
14 renovations at Chilhowie Old High School. That would be to complete
15 renovations of the last three classrooms that have not yet been renovated and
16 a large multi-function space in the center of the building.

17 The Oxbow Corporation is requesting \$50,000 for a kitchen
18 business incubator implementation. That would be to staff and operate the
19 incubator. I would caution that while the application is a capital cost eligible
20 for restricted funds, it would be operating costs and eligible only for
21 unrestricted funds.

22 DELEGATE KILGORE: Have you worked with
23 them on any of this as far as this project, or talked to them about it?

24 MR. PFOHL: No, this is the first we've seen of
25 this project. We're certainly familiar with the Oxbow Corporation.

1 Russell County Industrial Development Authority is requesting
2 \$500,000 for the Southwest Virginia Technology Development Center,
3 which will refurbish a former retail facility into a training center to meet the
4 information technology training needs brought about the location of CGI-
5 AMS and Northrup-Grumman to the area. The Center anticipates that up to
6 200 individuals will receive training per year.

7 The Town of St. Paul is requesting \$250,000 --

8 SENATOR WAMPLER: -- What was the project
9 cost on the Russell County IDA? Is that what they hope to have secured and
10 what they hope to draw down, where the operating funds are coming from?

11 MR. PFOHL: The total project costs for
12 construction is 2.5 million, and they intend to borrow the other 2 million,
13 and they're not asking us for that. The operating funds would come from the
14 budget of the Southwest Virginia Higher Ed Center, and they agreed to take
15 the program under their administrative wing so they can avoid some
16 duplication.

17 DELEGATE KILGORE: Did they request that
18 money, or is that money included in the budget that we have?

19 SENATOR PUCKETT: No, it's not included.

20 DELEGATE KILGORE: Can they, is Southwest
21 Higher Education, will they be able to do it without that money?

22 DR. FOWLKES: No.

23 DELEGATE KILGORE: We'll come back to it.

24 MR. FIELDS: Who is borrowing the \$2,000,000?

25 DELEGATE KILGORE: The IDA of Russell

1 County, through a sale of bonds.

2 MR. CARR: It's an old building.

3 DELEGATE KILGORE: All right, Tim, let's
4 continue.

5 MR. PFOHL: The Town of St. Paul has requested
6 \$250,000 to construct the West Hills Economic Development Infrastructure
7 Expansion. That's a sewer line that will have co-located with it the fiber
8 optic broadband. It'll be the first leg of the Castlewood sewer service area as
9 identified in the regional water and sewer study that the Commission funded
10 about a year ago, and the Castlewood project in its entirety would feed into
11 the St. Paul wastewater treatment plant. That would rate as the sixth highest
12 priority project on the regional sewer system.

13 The Town of Saltville is requesting \$57,800 for its Tourism
14 Signage Project. This is something that was identified in their downtown
15 revitalization plan. They have a number of other grant applications that they
16 are going to be pursuing throughout the year to accomplish other aspects of
17 that plan. This would, in effect, provide information kiosks and visitor
18 signage, descriptive signage that would tell some of the story and the history
19 of some of the visitor destinations.

20 Scott County Economic Development Authority is requesting
21 \$120,000 for renovations to the Pioneer Center. This would help replace the
22 roofing and upgrade the HVAC system of the building, which was built for a
23 separate use and now houses a dozen companies, with the employment of
24 approximately 150 people.

25 DELEGATE KILGORE: The incubator currently

1 houses a dozen companies due to recent rezoning.

2 MR. FLANARY: And that currently is about 35
3 jobs.

4 DELEGATE KILGORE: How many jobs will it
5 entail?

6 MR. FLANARY: Probably it will be around 200,
7 200 in the building.

8 DELEGATE KILGORE: Is that a call center for
9 Motorola?

10 MR. FLANARY: Yes.

11 DELEGATE KILGORE: Cell phones from
12 Motorola.

13 MR. PFOHL: Scott County Economic
14 Development Authority is also applying for \$189,000 to do preliminary
15 design work on e-Corridor Park, Phase II. That project had a master plan
16 earlier, at an earlier round.

17 Scott County Public Schools is requesting \$200,000 for the Rye
18 Cove Water Extension Project, which would provide water to schools
19 currently served only by wells and some that have some serious capacity
20 issues.

21 DELEGATE KILGORE: Let's mark that one, and
22 we'll come back.

23 MR. PFOHL: Virginia's Southwest Blue Ridge
24 Highlands, otherwise known as Blue Ridge Travel, are requesting \$150,000
25 to implement a comprehensive advertising plan to coincide with Jamestown

1 2007 400th Anniversary Celebration. This would provide an array of
2 marketing and administrative expenses for the regional partnership. This is
3 something that the applicant understands that there is a balance of
4 unrestricted funds, and they're asking specifically for unrestricted funds
5 here, and they know this does not qualify for restricted funds.

6 Washington County Habitat for Humanity is asking for \$70,442
7 to provide equipment for the Habitat Re-Store Start-Up. It's a concept where
8 donated building materials are resold to the public at discount rates, and it
9 generates revenue for the Habitat program that provides for housing.

10 The last request we received was from the Town of Wytheville
11 for their new meeting center. \$241,000 is requested to provide state-of-the-
12 art technology equipment for the meeting space that is under construction in
13 a \$17 million complex alongside the highway in Wytheville. The center will
14 provide access to wireless communication, fiber optics, enhanced
15 presentation capacity and seamless teleconferencing.

16 MR. BANNER: Mr. Chairman, the total project
17 cost is what?

18 MR. PFOHL: The meeting center itself is a
19 \$4,000,000 project and part of an overall \$17,000,000 complex, which also
20 is a community center and for recreational uses. It is physically part of that.

21 MR. BANNER: But this is technology for the
22 meeting space?

23 MR. PFOHL: Yes.

24 Mr. Chairman, this morning Special Projects sent you some
25 requests as well. Special Projects on Thursday morning is going to

1 recommend to the full Commission a partial funding for Mountain Empire
2 Older Citizens request, which was a request for \$129,500. They're asking
3 your Committee to pick up some or all of the balance of that request.

4 DELEGATE KILGORE: Special Projects funded
5 \$65,000, that would be a total of \$65,000 more, or in that ball park?

6 MR. PFOHL: Yes, \$64,500.

7 DELEGATE KILGORE: Special Projects funded
8 the restricted funds, is that correct?

9 MR. PFOHL: Yes. If you want a brief explanation
10 of some of these.

11 DELEGATE KILGORE: You might want to give
12 an explanation of that.

13 MR. PFOHL: The project was submitted by a
14 non-profit, Mountain Empire Older Citizens, Incorporated. This program
15 includes all-inclusive care for the elderly, and the acronym for that is PACE.

16 They're seeking architectural and engineering support for a
17 \$2,000,000-plus building, and they intend to purchase that, and also they
18 signaled to us they intend to finance that construction with a USDA loan.

19 They're also asking for funds to contract with the consultant to
20 prepare their PACE application to the federal government, which has a
21 designation process for that.

22 DELEGATE KILGORE: I understand, Tim, they'll
23 be getting most of the dollars for funding this program.

24 MR. PFOHL: Special Projects expressed a desire
25 to use some restricted funds to help pay for design/engineering, which leaves

1 the consulting services from unrestricted funds, potentially.

2 MR. FIELDS: Unrestricted?

3 MR. PFOHL: Yes.

4 DELEGATE KILGORE: Do you have a copy of
5 the preliminary feasibility? Would somebody like to speak to that? We
6 ought to look at that.

7 MR. PFOHL: Special Projects also sent you the
8 Scott County Economic Development Authority request for \$10,000 for
9 Regional Technology Frontier, which is a program to initiate marketing to
10 the global economic development community about the new technology
11 base for Scott County Virginia using fiber that's paid for by the Commission
12 and some of the companies and expertise that are located in Scott County.
13 Unrestricted request for marketing funds.

14 DELEGATE KILGORE: Ten thousand?

15 MR. PFOHL: Yes.

16 MR. FLANARY: Mr. Chairman, as a point of
17 clarification, that application includes Lee County and Wise County and the
18 City of Norton, as well. Scott County is just the LENOWISCO agent.

19 DELEGATE KILGORE: I don't believe I
20 understood that in Special Projects, but, okay.

21 MR. PFOHL: Special Projects sent you from Scott
22 County Schools Occupation Insight, student career and financial
23 management request, which is a demonstration. They requested \$233,921.
24 Occupation Insight is a private group that is working with the Scott County
25 Schools, which is the actual applicant, to do a demonstration of their existing

1 classroom-based student financial planning course, taking it to a web
2 application and apply it with all juniors and seniors for the Scott County
3 Schools this coming year. They intend to expand that tobacco region wide,
4 even nationally, potentially.

5 DELEGATE KILGORE: That's educational?

6 MR. PFOHL: Yes.

7 DELEGATE KILGORE: For funding.

8 MR. PFOHL: It appears to be primarily
9 unrestricted funds.

10 SENATOR PUCKETT: I don't know if this is the
11 proper time, but I'll go back to the Minutes also. You'll recall we actually
12 funded \$25,000 to the Appalachian Authors Guild at our last meeting, and
13 because they were not ready for their non-profit organization at that time, or
14 their status, they never received that. They were here this morning, I think,
15 for Special Projects, but now they do have their non-profit status at this time.
16 I'd like to add that to the list that Tim just went over for their \$25,000 that
17 we obligated.

18 DELEGATE KILGORE: Is that restricted?

19 MR. PFOHL: Primarily unrestricted.

20 MR. FIELDS: I thought we put that money up last
21 time.

22 DELEGATE KILGORE: They didn't have their
23 non-profit status.

24 SENATOR PUCKETT: You can recall also there's
25 a \$25,000 match to go with that from the Cumberland Plateau. It's a one-

1 time deal also.

2 DELEGATE KILGORE: So noted.

3 MR. PFOHL: That concludes the list, Mr.
4 Chairman.

5 DELEGATE KILGORE: Here's what we're going
6 to do. We're going to go back and start with the Town of Abingdon and go
7 through the recommended decision, and if you have an objection, or if it's
8 zero and you want to add something, and when I say objection, if you want
9 to make an explanation of it, that would also be an objection.

10 If there's anyone here that wants an explanation or wants to add
11 to it or subtract, you need to do something as we go down the list. Is that all
12 right with everyone?

13 Town of Abingdon, Appalachian Sustainable Development, and
14 the amount requested was \$70,000, and the Staff recommended \$70,000,
15 also the same with the Town of Abingdon. Appalachian Sustainable
16 Development, \$70,000 is what the Staff recommended from restricted, and
17 that's the same with the Town of Abingdon.

18 Barter Theater.

19 DELEGATE JOHNSON: Well, I'm going to
20 object to that --

21 DELEGATE KILGORE: -- Now's the time to do
22 that.

23 MR. MONTGOMERY: I make a motion we
24 recommend \$75,000.

25 DELEGATE KILGORE: We've got a balance of

1 \$201,000 on restricted.

2 MR. PFOHL: It appears to me to meet the test for
3 restricted, total expense.

4 SENATOR WAMPLER: Mr. Chairman, is that
5 part of the match that will be --

6 MS. WASS: -- It would be restricted, yes.

7 DELEGATE KILGORE: That would be used for a
8 match.

9 SENATOR WAMPLER: I'll second Mr.
10 Montgomery's motion.

11 DELEGATE KILGORE: Any more discussion?
12 Sara is going to keep a running total, and we may have to come back and
13 address some of this.

14 MR. FIELDS: We may have to come back and
15 find some money before this is over with.

16 DELEGATE KILGORE: I understand. We have a
17 motion and a second, subject to balancing the budget, for \$75,000. Go
18 ahead and put the \$75,000 in there for the Barter Theater Foundation.

19 All right, next is Bristol Historical Association.

20 Burley Tobacco Festival and Farm Show.

21 DELEGATE JOHNSON: I move that we approve
22 \$100,000.

23 SENATOR WAMPLER: Second.

24 DELEGATE KILGORE: Any more discussion?
25 That would be restricted.

1 SENATOR WAMPLER: As long as we have a
2 balance.

3 DELEGATE KILGORE: Whether it's restricted or
4 unrestricted.

5 SENATOR WAMPLER: Mr. Chairman, this is for
6 capital purposes.

7 DELEGATE KILGORE: Put that in there, Sara.
8 City of Norton.

9 MR. MONTGOMERY: I have a question on how
10 this would enhance the burley region. Wise County has 12,000 pounds of
11 tobacco allotment. I had a question about the City of Norton last year, and
12 we awarded them quite a bit of money. I believe the burley counties could
13 use this money more so than, they have access to the Coalfields Economic
14 Development money and other sources for Economic Development.

15 DELEGATE KILGORE: Is that a question, who is
16 the question directed to, or is that a question to the Committee at large?

17 MR. MONTGOMERY: Both.

18 DELEGATE KILGORE: Part of the Crooked
19 Road.

20 MR. FLANARY: It's a request that came from, it
21 came from not only the city, the city is just an instrument to provide water.
22 It's probably more important for the Crooked Road and all of the Crooked
23 Road counties. It's a major venue on the Crooked Road. It's just not
24 sufficient to accommodate the needs they have for growth, and it's a very,
25 very important and popular venue on the Crooked Road. I don't think it's as

1 much the City of Norton, and it's not a high priority for the city funds. It's
2 an unusual situation, and it has broad implications. It's actually not in
3 Norton, but a suburb.

4 DELEGATE KILGORE: It's coming in from
5 Appalachia.

6 SENATOR WAMPLER: Mr. Chairman, there's
7 one thing, and I look here, but the, how come the Tobacco Commission
8 should be at 100 percent or any percent of funding most any project? I
9 realize the magnitude of the application can break the bank, but I'm just
10 wondering if not a \$50,000 appropriation would be more in line with some
11 of the funding schemes.

12 DELEGATE KILGORE: Is that a motion?

13 SENATOR WAMPLER: I'll make it in the form of
14 a motion.

15 DELEGATE JOHNSON: I'll second it.

16 DELEGATE KILGORE: I have a motion and a
17 second.

18 MR. MONTGOMERY: Is it seconded?

19 DELEGATE KILGORE: Delegate Johnson
20 seconded it.

21 DELEGATE JOHNSON: I'll withdraw my
22 second.

23 MR. MONTGOMERY: No, that's fine. I'd like to
24 ask Mr. Flanary a question. How do you distinguish that from the Virginia's
25 Southwest Blue Ridge Highlands Tourist Association? It didn't get any kind

1 of a recommendation out of your bailiwick.

2 MR. FLANARY: It is, but I can't speak to that,
3 because one is marketing and the other is physical infrastructure.

4 DELEGATE KILGORE: There's a motion and a
5 second. I guess we'd better vote on this one. The motion is \$50,000,
6 reducing it from \$80,000 to \$50,000.

7 MR. BANNER: Is it possible to table that until we
8 go through and see where we are?

9 DELEGATE KILGORE: We'll keep rolling, pencil
10 in \$50,000.

11 Dickenson County Board of Supervisors.

12 DELEGATE JOHNSON: Mr. Chairman, I don't
13 want to take anything away from Dickenson County. How many farmers, or
14 how much livestock activity do they have in Dickenson County? I know
15 they didn't raise much tobacco, they don't raise much corn, they do a lot of
16 coal.

17 MR. MULLINS: One hundred seventeen farms.

18 DELEGATE KILGORE: Give us your name.

19 MR. MULLINS: Brad Mullins, Virginia
20 Cooperative Extension, also serving Buchanan and Wise Counties.

21 MR. MONTGOMERY: About a hundred acres of
22 tobacco for all three counties?

23 MR. MULLINS: Probably close to 300 farms,
24 small farms, in all three counties. Livestock small producers, 25, 30 or 50
25 head, occasionally a hundred head operation. No certified scales in all three

1 counties. A proposal would be to build one in Dickenson County, which is
2 in the middle of the three counties, Buchanan on one side and Wise on the
3 other. There is a cattle association that serves all three counties, over a
4 hundred members. The biggest reason for the facility is for a multi-use. The
5 livestock part of it would be excellent. Those counties have been trying to
6 sell some cattle at auction the last three or four years. The problem is the
7 cattle still have to be transported to Abingdon, which is about an hour and a
8 half away. If we had a facility there, most of these small producers could
9 bring their cattle to one location and have the cattle picked up there.

10 I'd also like to say I think it could also be used for a farmer's
11 market, we have no current location for that in those three counties, and as
12 an educational component, cattle associations, and 4-H.

13 DELEGATE JOHNSON: Where could it be
14 located?

15 MR. MULLINS: Right on the Wise/Dickenson
16 County line, near the Red Onion prison on Route 83.

17 MR. MONTGOMERY: You're talking about one
18 or two tractor-trailer loads of cattle a year? That's what is currently being
19 done.

20 MR. MULLINS: In '87 cattle numbers were about
21 4,000 head, and there's about 8,000 in the three counties. With stripping
22 going on, I don't know how much pasture is going to be available.
23 Currently, that's about what the market situation is right now.

24 MR. MONTGOMERY: I sell cattle, and I know,
25 and I've got a certified set of scales, and the total cost of what they're doing

1 seems astronomical. I put in a certified set of scales for \$13,000 three years
2 ago. You've got to have two pens. The cost for what you're going to do, I
3 sell more cattle than that.

4 MR. BANNER: What kind of cooperation have
5 you gotten from the Board of Supervisors or the Farm Service Agencies in
6 your county?

7 MS. MULLINS: The Board of Supervisors of
8 Dickenson County have committed about \$50,000 or more, and they will
9 pay some expenses for maintenance and utilities and all those kinds of
10 things. They've committed \$135,000 towards this facility. Mr. Montgomery
11 is correct, and with this facility we could, or possibly the cost would go
12 down. If this wouldn't cost that much, we wouldn't draw down the funds.
13 The same thing with the Coalfields, they're in the draw-down process. The
14 Board of Supervisors has already been gotten a commitment from the
15 Coalfields, we got a commitment from those two places.

16 MR. BANNER: What was the Board of
17 Supervisor's commitment?

18 MS. MULLINS: Fifty thousand.

19 DELEGATE KILGORE: Would you give us your
20 name?

21 MS. MULLINS: Charlotte Mullins, I'm the
22 Director of the Industrial Development for Dickenson County.

23 MR. MONTGOMERY: You say you've got
24 \$50,000 annually from Dickenson County, is this for operating costs?

25 MS. MULLINS: That's actually an estimate, or

1 estimated costs. We wouldn't know exactly what it is until we get this
2 facility. It could be more, or it could be less. We're talking about
3 maintenance and services. Then, you have to consider the utilities and all
4 those operating costs.

5 DELEGATE KILGORE: Thank you. Any other
6 questions?

7 SENATOR WAMPLER: When you consider the
8 scales and all those costs, and it's not clear on the application what that
9 single component would be.

10 DELEGATE KILGORE: I'm waiting on a motion.

11 MR. PFOHL: Charlotte, do you know the
12 breakdown of the equipment costs, scales and pens? The information in the
13 chart attached to the back of the application shows scales at \$15,000.

14 DELEGATE KILGORE: That's about right, from
15 what our expert, Mr. Montgomery, says.

16 MR. BANNER: This facility is just to bring the
17 cattle together from the three-county area to weigh them, then you auction
18 them and ship them out?

19 MR. MULLINS: The building is about 120 by 50
20 feet, and there's an education component of it, and the pens and scales.

21 MR. BANNER: You're talking about two times a
22 year you'll be shipping out?

23 MS. MULLINS: What we need is the ability to
24 raise more cattle, because we have some people that are not full-time cattle
25 producers, and that's their secondary job. Their primary job is working

1 somewhere else. These individuals have to do a day's work and then haul
2 the cattle to the pens and to the market. They go out there, and a lot of times
3 the cattle have lost weight, and people have to take a day off, and they're
4 losing money. A lot of times they'll have to hire somebody to take the cattle
5 out there. What we need is to have a facility like this to have a person on
6 site. If they get the right price they can choose to sell them at that price, and
7 that will give them an opportunity, and in the end we can increase
8 production of cattle, and the facility could be used more frequently. We're
9 anticipating that would happen long-term, but there is no guarantee. We're
10 hoping this would be an avenue that would help our producers to increase
11 the cattle production. This is all part of it.

12 DELEGATE KILGORE: You've heard it, so
13 what's the Committee's pleasure?

14 SENATOR WAMPLER: I don't think I got my
15 question answered. If the direct cost for the scales is \$15,000, I'm sure there
16 are other related costs for the adjacent facility or loading facility. I'd
17 recommend \$30,000 to move it on its way. That's a motion.

18 MR. FIELDS: I'll second it.

19 DELEGATE KILGORE: Any other discussion?
20 Put in \$30,000, restricted.

21 Next is the Town of Fries. What is the \$200,000 going to be
22 used for, Tim?

23 MR. PFOHL: It's going to be site work and
24 complete the demolition and do grading on the site. There are still some
25 existing outbuildings from the mill that need to be demolished, some slope

1 that needs to be cured.

2 DELEGATE KILGORE: Seems like a lot of
3 money for that.

4 MR. MONTGOMERY: How much tobacco from
5 the Town of Fries?

6 DELEGATE KILGORE: That's a lot of money for
7 us to be investing in demolition.

8 MR. BANNER: Is anyone here from the Town of
9 Fries?

10 MR. REED: I'm Byron, Town Manager from the
11 Town of Fries. The mill itself has been gone for several years. It was
12 purchased by a company, and they tore down the mill and salvaged as much
13 of the material as they could get. It sat there for about two years until the
14 town decided to purchase it, and now they're going to clean it up with a
15 million that they received from the Virginia Workforce Program and turn it
16 into a tourist destination. It will benefit all of Grayson County. They plan to
17 run an incubator there for small businesses.

18 DELEGATE JOHNSON: Sir, total costs for the
19 project is \$1,347,000, and \$1,000,000 from DHCD, and \$800,000 federal
20 transportation, that's more than the costs of the project right there.

21 MR. REED: The \$800,000 from federal
22 transportation is to rebuild the old train depot in Fries, which is connected to
23 the property only by a trestle, it's not physically the same property.

24 DELEGATE JOHNSON: The project includes
25 other than what's on this request?

1 MR. REED: Right, it's a huge initiative for a total
2 economic restructuring. We have money from DHCD for the downtown
3 revitalization.

4 MR. FIELDS: Mr. Chairman, I have no qualms or
5 anything about Grayson or Fries. I think you should help them some with
6 the business incubator. I see that as something that our Committee is
7 charged to do. I think we need to break out, and I'd like to see, I think this
8 business incubator could be a viable thing for the county.

9 SENATOR WAMPLER: I think if you look at the
10 total project costs you're in a 10 to 15 percent tobacco participation in the
11 overall project, and that will help us obtain critical mass, which we should
12 try to do.

13 DELEGATE KILGORE: All right.

14 Next is the Town of Glade Spring. I understand there is some
15 pending legal action. I'm very worried about getting into something where
16 there's some legal action with some of the dollars out there.

17 DELEGATE JOHNSON: Mr. Chairman, I would
18 move that this be tabled until the next meeting so we can see what happens
19 there. I think the Town of Saltville is going to win, and I don't think there is
20 any question, but there's a cloud out there, and there's a lot of them involved
21 in it. I think it would be best if we hold on to it until this is concluded.

22 MR. BANNER: I'll second it.

23 MR. FIELDS: I think it's a worthwhile thing in a
24 tobacco county.

25 DELEGATE KILGORE: We'll look at it again.

1 DELEGATE JOHNSON: It'll be left on the
2 docket, and we can look at it again.

3 DELEGATE KILGORE: Tim, they would just
4 need to let you know before the next round what's going on.

5 MR. PFOHL: Yes.

6 DELEGATE KILGORE: Next is the Historic Crab
7 Orchard Museum and Pioneer Park.

8 MR. FIELDS: I know they have a lot of sources of
9 funding, ARC. I don't know why they're not here today, but they've raised a
10 lot of money, and there's a lot of money put in already. Money has been
11 donated.

12 DELEGATE KILGORE: We're not the only bank.

13 MR. FIELDS: No.

14 DELEGATE KILGORE: Next is the Town of
15 Lebanon.

16 SENATOR PUCKETT: Mr. Chairman, I think
17 probably an explanation is all that needs to be said. There is significant
18 development that we've already bought into going on, and this will help
19 infrastructure, particularly water.

20 DELEGATE KILGORE: Virginia Department of
21 Health has helped fund it.

22 SENATOR PUCKETT: The Town of Lebanon has
23 put in a significant amount.

24 DELEGATE KILGORE: Lee County IDA.

25 SENATOR WAMPLER: Tim, why didn't you

1 recommend anything on this project?

2 MR. PFOHL: We had a conversation with the IDA
3 whether the company that expressed interest in this property would be
4 willing to commit to a TROF grant that could basically supplant this project
5 right here, this request right here. It appears they could be TROF-eligible
6 and complete the funding with TROF.

7 SENATOR WAMPLER: Mr. Chairman, I'd move
8 that we leave this on our docket and take it up again at the fall meeting.

9 MR. FIELDS: Let's hear from these folks.

10 MR. LONG: I'm Tim Long, and this has a
11 potential for the county of 200 jobs. We're trying to get these jobs, and one
12 of them is a call center. We've got money available, we've got to prove to
13 VCEDA the \$500,000 for this building. We've already used some of the
14 money the Tobacco Commission gave us. With this potential client we have
15 a parking lot to do, and we're working with the town to try to get additional
16 land besides this property, an additional 18 acres for additional parking.
17 We're trying to develop the property downtown for the call center, and these
18 new jobs, and they are much-needed new jobs.

19 SENATOR WAMPLER: If it takes this money to
20 close the deal, we have the cash, and we can do it, but what I don't
21 understand is, is this to develop a new site with the hopes of a company
22 coming?

23 MR. LONG: No, she has, there are presently 120
24 jobs, and she another asset for 3,000 coming back, and a portion of those
25 jobs, and trying to expand. A hundred and twenty jobs now, and hoping to

1 create another two hundred jobs in this facility. The facilities that they're in
2 now are not capable of holding 200 more new jobs, and that's why we're
3 trying to develop the property.

4 SENATOR WAMPLER: A friendly suggestion,
5 Mr. Chairman, whether we take action today or not, if the dollars are there,
6 or if it doesn't meet the TROF guidelines and we can find out through
7 Special Projects--

8 DELEGATE KILGORE: -- If it's 200 jobs we'll
9 have to fund it, I think that's what Senator Wampler is saying.

10 SENATOR WAMPLER: Do we have a
11 performance agreement now saying that they'll do the deal?

12 MR. LONG: We have a letter saying that they're
13 very interested in, we're hoping to get these jobs, and they're on the table.

14 SENATOR WAMPLER: For the third time, Tim,
15 as long as she said she'll do it, and if there's a legally binding document that
16 says there's an agreement to those number of jobs over a certain period of
17 time, then we have the financial resources to do that. I don't know that we
18 need to allocate the dollars in advance of. You kind of losing a little
19 bargaining edge.

20 MR. LONG: That's fine.

21 MR. FIELDS: We can put the money in for that.

22 SENATOR WAMPLER: Staff has felt the wrath of
23 that when it didn't meet the guidelines before.

24 DELEGATE KILGORE: Tim, you can read those
25 Minutes back where Senator Wampler just said, Delegate Johnson did them

1 on me a while ago, and you can read those minutes back.

2 MR. LONG: We're trying to get something done
3 in Lee County.

4 DELEGATE KILGORE: You can go ahead and
5 tell the lady we're very committed to the project if it's going to create that
6 many jobs.

7 MR. LONG: I appreciate it, thank you, very
8 much.

9 MR. FLANARY: Mr. Chairman, this is a textbook
10 example of how we make a transfer from an old economy to tomorrow's
11 economy. It's not always capital-dependent. When you look at the TROF
12 guidelines for a million dollar investment and you've got good jobs and good
13 wages, as far as the capital costs, and when you consider private investing,
14 maybe that's something you should reconsider.

15 DELEGATE KILGORE: Ned's going to look at
16 that and bring some suggestions about that at one of our future meetings,
17 how we can address this with the TROF. I know Tom Arthur is here, and
18 we've run into that a couple of times before with the Technology Committee,
19 where you have to struggle to get up to that million dollar investment.
20 Computers are getting cheaper every day, unlike gas.

21 MR. SIGER: Do you know what the investment
22 dollar is?

23 DELEGATE KILGORE: Rick is going to keep us
24 up-to-date on that and check on it for us.

25 Next, Mount Rogers, PDC, Long Range Water Plan.

1 UNIDENTIFIED: I'm familiar with this project,
2 and I'll be glad to address any questions you might have on it.

3 DELEGATE KILGORE: Any questions?

4 DELEGATE JOHNSON: Mr. Chairman, funds are
5 requested to assist with engineering/design services and land acquisition and
6 related legal costs. We have so many good projects that we don't have to
7 worry about legal costs or engineering and design services. I've always
8 thought that there were certain things that the localities would take care of,
9 like water. I know Mr. Reynolds, Chairman of the Washington County
10 Board of Supervisors, has probably five hundred people asking him for
11 sewer and septic systems in Washington County. Where do we stop?

12 DELEGATE KILGORE: Tim, they asked for
13 \$579,000, and Staff recommended \$275,000. Did you cut out the legal fees?

14 MR. PFOHL: We've been trying to balance the
15 books, frankly, and get it down to a reasonable and relatively consistent
16 amount of design monies that we put in some other regional projects similar
17 in nature. Also, the entire design cost that is being requested here, there
18 were no matching funds, so we were suggesting to partially fund it, the need
19 for some matching costs.

20 DELEGATE KILGORE: The question I have, this
21 is the initial stage of this, where are we at on this?

22 MR. BARRETT: We have some other applications
23 that are pending. We're waiting on construction funds. We have some
24 people here that might address some of the issues related to design and/or
25 legal or acquisition costs. This is a very large project, if we could get the

1 funding for design and it'll kick off, certainly if the localities could provide
2 that match.

3 DELEGATE KILGORE: Any comments?

4 SENATOR WAMPLER: What happened to the
5 planning money that the General Assembly appropriated last year? Did you
6 use it up on another project?

7 MR. BARRETT: There are two projects in the
8 New River Valley, and both getting some of that money. Part of that money
9 has already been used. This is on the Carroll County side, they're on the
10 low, they're part of that 25, 26 percent ratio. They're not getting as much,
11 most of the design goes to Wythe County and the main transition lines for
12 the water treatment --

13 SENATOR WAMPLER: -- I don't mean to
14 interrupt you, but did you spend all the money?

15 MR. BARRETT: I think we used it up.

16 SENATOR WAMPLER: I think that's what I was
17 trying to get to.

18 MR. BARRETT: I think all the planning money
19 we got last year is gone.

20 SENATOR WAMPLER: Mr. Chairman, if we ever
21 produce a budget as of today, we will have more dollars for that.

22 DELEGATE KILGORE: As relates to this
23 \$275,000, what are we going to do?

24 SENATOR WAMPLER: I don't know what injury
25 it does to the applicant if we wait until the next funding cycle.

1 MR. PFOHL: This being a regional water
2 authority, if they have financial participation from the three local
3 governments, they could potentially qualify for Special Projects in
4 November.

5 SENATOR WAMPLER: I think it's almost a
6 \$10,000,000 project, the best money you can spend on it doing it right from
7 the beginning. I'd recommend they remain in the block, as recommended by
8 Staff.

9 DELEGATE KILGORE: Next is the Old High
10 School Renovation.

11 DELEGATE JOHNSON: I'd move we give them
12 \$25,000. They've worked very hard up there.

13 DELEGATE KILGORE: That would be restricted
14 money.

15 Next is the Oxbow Corporation. I think you said this didn't
16 qualify.

17 MR. BANNER: Mr. Chairman, if I might, this is a
18 great center for Wise and Russell, and they've had various events and
19 meetings down there. I understand they're really struggling trying to keep
20 this business incubator open down there. I'd like to ask Mr. Roger Sword to
21 speak to this.

22 MR. SWORD: I'm President of the Board at
23 Oxbow. We've been struggling for several months now to try to change the
24 direction of the center and hopefully going to better ventures. We feel
25 there's a real need in that area for a business incubator.

1 We have a commercial kitchen that's fully functional and is
2 being underused. We think there's a real market for farm families and others
3 to do some kitchen incubator type activities in the center. If you could see
4 fit to fund this, we think we've got a strong project and very beneficial in
5 that part of Russell, Dickenson, and Scott Counties.

6 DELEGATE KILGORE: Is this unrestricted, Tim?

7 MR. PFOHL: Primarily unrestricted. There is
8 some equipment funding here that --

9 DELEGATE KILGORE: -- Primarily unrestricted.

10 MR. PFOHL: Yes.

11 MR. SWORD: About half restricted and about
12 half unrestricted up there.

13 MR. BANNER: Would half of that amount be of
14 any assistance?

15 MR. SWORD: It certainly would.

16 MR. BANNER: I'd make a motion that we do
17 \$25,000 for Oxbow.

18 MR. FIELDS: I would agree we should do that.

19 DELEGATE KILGORE: Unrestricted. All right.
20 Russell County IDA. Any comments on that?

21 SENATOR WAMPLER: I think Mr. Carr might
22 have something to say.

23 MR. CARR: We are getting ready to start, and I
24 think presently there are 40 employees who are getting ready to start, or in
25 fact, we're already getting started with the Technology Development Center,

1 and we're hoping if we get the monies that we'll have it completed sometime
2 this fall. Russell County on this complete project, Russell County has
3 committed about 7.9 million dollars, the Technology Development Center
4 itself, about 2.5 million dollars, and then the CGI space is another couple of
5 million dollars. We are desperately in need of this money, and I'll be honest
6 with you, to make this project work. This is something we promised CGI
7 and Northrup-Grumman as part of the incentive package and partnership.

8 DELEGATE KILGORE: What are you going to
9 do about the faculty for the courses and degree program, for the Higher
10 Education Center? What are you going to do on the faculty funding for the
11 money?

12 DR. FOWLKES: That depends on the state
13 budget. I don't know that that's been approved, and we don't know the
14 revenue stream, or what it might be.

15 SENATOR WAMPLER: Neither the Senate or
16 House budget or Governor Warner, or Governor Kaine, they don't have any
17 additional operating dollars for this new facility. I don't know how we're
18 going to operate it.

19 MR. CARR: I would encourage the Committee to
20 do this if at all possible, because it's something that was a promise, and CGI
21 and Northrup-Grumman is pretty much holding them to it.

22 SENATOR WAMPLER: Would you tell me what
23 was promised? I don't know.

24 MR. CARR: We promised that this technology
25 development center basically on-site in the park where the permanent

1 facility is located we would develop this center there. One of the reasons
2 they wanted it there is that they wanted it in connection with the Higher Ed
3 Center here so that they could have courses over there. They said that when
4 you're in training the training that the employees will need they could let
5 them off from work and they could go take the course and come back to
6 work. Some of their senior people, like engineers, teach classes there.

7 SENATOR WAMPLER: I'm still disconnected.
8 You're saying the Commonwealth of Virginia said we would build this
9 facility?

10 MR. CARR: No, I'm not saying that. I'm saying
11 that in putting this package together, the Russell County IDA worked with
12 the Virginia Economic Development Partnership, and this is part of what
13 was in that package. The Commonwealth didn't say that.

14 SENATOR WAMPLER: Mr. Chairman, I think it's
15 accurate to say that the Higher Education Center would offer training,
16 whether it was a distance based application, or whether we'd be able to
17 generate something in the locality. I think we are committed to providing
18 the skill set. I didn't know we were committed as part of anything to do this
19 in Russell County.

20 MR. SIGER: What's the time frame for that, and
21 when would the facility be ready to open if you received the dollars?

22 MR. CARR: In the fall.

23 DR. FOWLKES: We've been working on course
24 development, but in terms of operating and staffing and paying utilities, he's
25 correct; we don't have money in our budget to cover that.

1 MR. FIELDS: Who will do that?

2 MR. CARR: Roger, can you speak to that?

3 MR. SWORD: We talked to some folks and talked
4 to the College at Wise and Southwest Virginia Community College. Both of
5 those institutions showed some interest in utilizing that facility if it becomes
6 available. I know the College at Wise is doing a software development
7 course over there, and they want to do some internships and some things like
8 that.

9 DELEGATE KILGORE: Senator Puckett.

10 SENATOR PUCKETT: When the IDA and
11 Russell County team started to put the proposal together to try to attract the
12 IT companies, they quickly recognized that an education piece was one of
13 the things that everyone was interested in, the IT companies. That's a piece
14 of what they do. Things have changed so quickly in the IT business that
15 they want a training place that they can be kept up-to-date to train these
16 employees and give them an opportunity to move to the next level.

17 Our original intent was to try to partner with the Higher
18 Education Center. We knew we couldn't have a Higher Ed Center, and the
19 one we have right here is, in my opinion, the best in the state, and that was
20 our intent originally. We certainly were disappointed when Governor
21 Warner didn't have anything in his budget or Governor Kaine have anything
22 in his budget. As you heard Mr. Sword say, because of that not being in
23 there and realizing Rachel couldn't fund that with her budget, we have kind
24 of grounded that scope a little bit. As a backup plan, we think there are
25 others that will be committed to doing that. The UVA College at Wise is just

1 a piece of it, and they're already establishing something for Northrup-
2 Grumman. As far as I know, they don't have any money in their budget,
3 either. They do for the Northrup-Grumman piece, overall for the educational
4 center. But we recognize that also we've talked to the folks at the
5 community college, and they already have a center in Lebanon, and they
6 would very much like to use the new facility that's available. We think we
7 have a commitment, and we're not looking to have a facility that's empty that
8 no one could use. If you look at it in that light, if you build a facility and it
9 sits over there for a year, that doesn't help us and doesn't help anyone else.
10 What I'm saying is that we still think we have an opportunity to put people
11 back, maybe people from the Higher Ed Center or the community college or
12 UVA Wise to do that, or come to the facility if we had it ready this fall. And
13 that's where we're coming from. If we don't have that piece put together by
14 September, we have a bigger problem than we have without having the
15 facility. We think we can put that piece of the puzzle together. CGI has
16 indicated they have people that are qualified to do that. We think, again, it
17 would help move the entire project. It's part of the local commitment, the
18 local package that we put together, that we would have something locally
19 where they can do the training.

20 MR. CARR: We put together some grant money,
21 1.6 million in this package for training, in the package we put together for
22 the companies. That was to be spent on the center as well.

23 DELEGATE KILGORE: Anyone else have
24 anything on this one?

25 SENATOR PUCKETT: I'm going to ask that you

1 give consideration to what the Staff recommendation was.

2 DELEGATE KILGORE: All right. The Town of
3 St. Paul.

4 MR. BANNER: Mr. Chairman, this project, as
5 was indicated, the water line and sewer line and the broadband line is all in
6 the same piece, I think. I know the Staff has cut from 250 to 175. I'd ask the
7 Mayor of St. Paul, Mr. Jack Kiser, if that is sufficient?

8 MR. KISER: Absolutely.

9 DELEGATE KILGORE: The Town of Saltville.
10 Anyone here from Saltville? All right.

11 Scott County Pioneer Center Improvements.

12 Scott County Economic Development Authority, eCorridor
13 Park, Phase II, to design.

14 Scott County Schools, Rye Cove Water Extension.

15 SENATOR WAMPLER: I would recommend a
16 \$200,000 figure.

17 MR. MONTGOMERY: Second. We're doing
18 similar things in other places. Scott County is right in the middle.

19 DELEGATE KILGORE: Virginia's Southwest
20 Blue Ridge Highlands Tourism Association, Come Home to Southwest
21 Virginia.

22 MR. MONTGOMERY: That seems to me to be a
23 worthy project.

24 DELEGATE KILGORE: It's unrestricted then, it's
25 not restricted funds. That goes in the second category. Remember, we won't

1 have a lot of unrestricted money, we want to keep some back.

2 MR. MONTGOMERY: What do you want to keep
3 it back for?

4 DELEGATE KILGORE: Because we won't have
5 any more unrestricted monies coming that we could use for a worthy project
6 in the future, because most of our money is going to be restricted.

7 Moving on, Washington County Habitat for Humanity.

8 DELEGATE JOHNSON: Mr. Jack Garland or Mr.
9 Bruce Matthews are here. I'd move \$50,000 on that project. How many
10 homes have been built in Washington County?

11 MR. GARLAND: We're starting our eighth home
12 this week.

13 DELEGATE JOHNSON: Those homes are for the
14 tobacco tenants, I mean low-income folks?

15 MR. GARLAND: They're all low-income, yes.
16 With that money we're asking to get a forklift, as well as two trucks. The
17 idea of a re-sell house as opposed to a retail business. We're not retail, non-
18 profit. I got a phone call Friday, a lady wanted some renovations to her
19 house and wanted ten old windows and replace with ten new ones.

20 DELEGATE JOHNSON: Do you have a salary, or
21 a salary for people working with you?

22 MR. GARLAND: No, we're all volunteers right
23 now.

24 DELEGATE KILGORE: Can we get that, Joe,
25 from restricted funds, \$50,000?

1 DELEGATE JOHNSON: Just so we can get them
2 \$50,000.

3 DELEGATE KILGORE: All right, Joe, you win.
4 Town of Wytheville.

5 MR. FIELDS: I'm going to ask Joe to miss more
6 meetings.

7 DELEGATE KILGORE: Town of Wytheville,
8 Wytheville Meeting Center, \$241,000.

9 MR. BANNER: I realize this meeting center is
10 very much needed, but with our pinch on finances that we have, what would
11 be the impact of us reducing that, say \$100,000?

12 DELEGATE KILGORE: I don't know. Who is
13 here from Wytheville?

14 MR. BANNER: I make a motion we reduce it to
15 \$100,000, or by \$141,000.

16 DELEGATE KILGORE: Reduce it to \$100,000,
17 do I have a second to the motion?

18 MR. MONTGOMERY: I'll second it.

19 DELEGATE KILGORE: So what's that figure?

20 MR. BANNER: One hundred thousand.

21 DELEGATE KILGORE: Moving on, we have the
22 Mountain Empire Older Citizens award, which Special Projects is in for
23 \$65,000 and has requested Southwest give \$65,000, unrestricted.

24 MR. FIELDS: I'll make that motion.

25 DELEGATE KILGORE: Just a minute. We have

1 the Appalachian Authors' Guild, which I believe we're committed to
2 \$25,000, unrestricted.

3 Scott County Economic Development, \$10,000 from Special
4 Projects, and that was for three counties, and we didn't realize that until, am
5 I right on that?

6 MR. FLANARY: Four jurisdictions, the
7 participants in the LENOWISCO district.

8 DELEGATE KILGORE: This is for the
9 technology marketing?

10 MR. FLANARY: This is marketing all types of
11 broadband, public and private. The Scott County EDA received a grant from
12 the Economic Development Partnership of \$10,000 and this goes with it.

13 MR. FIELDS: Is this an original thought of yours,
14 Ron?

15 MR. FLANARY: This is the first one I've had,
16 actually.

17 DELEGATE KILGORE: Scott County Schools,
18 \$10,000 unrestricted. Scott County Public Schools, that's more in line with
19 the Education.

20 If you'd like to speak, would you give us your name?

21 MR. NESBITT: I'm Jim Nesbitt with Occupation
22 Insight. This program motivates kids to go beyond high school, and the end
23 product is still workforce development people are looking for. We've got
24 letters of support from John Kilgore and from many others. I've met with
25 many people in different occupations, and I've told them about the program.

1 They just announced that in the next five years they're going to need 4,000
2 replacement employees. We've gone to Scott County and willing to partner
3 with Scott county with Occupation Insight to do this program. It's a very
4 motivational program, and it teaches kids why they need to go to college and
5 what the needs are.

6 MR. FIELDS: Is that an extension from --

7 DELEGATE KILGORE: -- No, no. This is with
8 the Scott County Schools. Occupation Insight is an occupational and
9 financial career planning program that increases the students' motivation by
10 using a preferred lifestyle and speaks about finances and many other things.

11 MR. HAWKINS: -- Can I explain?

12 DELEGATE KILGORE: Yes.

13 MR. HAWKINS: Mr. Chairman, my name is
14 Aaron Hawkins, and I'm with Occupation Insight, and I'm a certified
15 financial planner, and I've been going to high schools for the last fifteen
16 years helping kids figure out what they want to do with their lives. What
17 I've found is about half the kids know what they want to do; basically, none
18 of the kids have a clue about money. This money has several components to
19 it. One is that it's a tool for the guidance counselor to use, it will make their
20 time very efficient, the Web site will help students figure out careers and
21 pick out a lifestyle that they want, the car, the house, the clothes, how to
22 prepare a budget. It does interest testing, and it'll correlate those into
23 matches. It'll help them develop a written career plan; to go along with that,
24 there's an economist workbook that teaches them the basics of how to do
25 some things, how you buy a car, a home, what's the process you go through,

1 some real world information that they don't get. Ninety percent of the
2 students receive no financial education, so what we found is that students
3 need this information, and they want to know what they should do, and they
4 want to have some solutions. We can explain things and sit down in front of
5 them and show them this information. We believe very strongly about this
6 information, and it certainly will be helping these students decide on what
7 they want to do for careers, and also, as I said, the money management,
8 which is extremely important.

9 As I mentioned, we have a Web site, and that's extremely
10 important. We have guidance counselors that can use this program, and it
11 really helps them use the resources that they have better. If you give the
12 counselors the tools to work with, this just gives them a better idea of what
13 they have to work with in life. The most important thing is they have to say,
14 I want to. We trying not to add any more expense to the school system, but
15 just helping them use the resources that they have better.

16 MR. BANNER: What motivation are the children
17 going to have to get on the Web site?

18 MR. HAWKINS: They can either do it in school
19 or do it at home. We found about two-thirds of the students have it at home
20 and can do it there or can do it in school if they don't have it. The program
21 is available through the Web site.

22 MR. NESBITT: I believe this will be taught in the
23 economic classes being used by the guidance counselors to help these kids
24 select colleges, and this is going to impact higher education in Virginia, we
25 believe.

1 I believe the statistics tell the story. Of a hundred kids in the
2 ninth grade, only 74 go through high school, and out of that 74 only 41 go to
3 college, and out of the 41 that go to college only 22 graduate. There's a
4 problem with motivating these kids in understanding why they need to go on
5 to college and need to be trained. We're trying to fill that void.

6 DELEGATE KILGORE: Thank you.

7 MR. MONTGOMERY: Mr. Chairman, isn't this
8 more appropriate for the Education Committee? I'd make a motion to
9 transfer it to the Education Committee.

10 DELEGATE KILGORE: Sounds like a good
11 program. If you want to, we can do that, and ask the Education Committee
12 to look at it.

13 MR. FIELDS: I think there's a good possibility,
14 Mr. Chairman, we'll look at 15 more of these requests in the near future, just
15 from Southwest, I hope.

16 DELEGATE KILGORE: Then we'll get into the
17 scholarships.

18 MR. BANNER: Mr. Chairman, I think Dr.
19 Fowlkes might want to speak to that.

20 DR. FOWLKES: I know in Southside and
21 Southwest we're required to do a workshop as part of what's included with
22 the on-line workshop, then you already have your scholarship program. The
23 workshop is all part of that.

24 DELEGATE KILGORE: We'll talk to the
25 Education Sub-Committee and see what they can do.

1 We've got \$96,000 left, I think. As we go through this list, if
2 you want to make a motion.

3 SENATOR WAMPLER: What is the bottom line,
4 Lee County deserves \$250,000 escrow, it appears to me we have a county
5 ready to deliver X-number of jobs, that ought to be our first thing on
6 funding.

7 DELEGATE KILGORE: I believe what's left is
8 restricted funds.

9 SENATOR WAMPLER: How much is in
10 unrestricted?

11 DELEGATE KILGORE: I think it's 489. That's
12 very tight. As I said, as we go down through here again, any adjustments to
13 the Town of Abingdon, Appalachian Sustainable Development, Barter
14 Theater, Fairgrounds, Washington County Fairgrounds, Norton, Dickenson
15 County, we cut them.

16 SENATOR WAMPLER: Mr. Chairman, that's not
17 TROF eligible, and we have to have it to finish the building. Are there other
18 sources of funding that you can draw? This is the last effort.

19 MR. FIELDS: Can we go back again to the
20 Historic Crab Orchard? We put money in there two or three times. Are we
21 about to get there?

22 MR. PFOHL: We've done two construction grants
23 for the original site on one side of 460, and this is for new property on 460.
24 I believe we did in the ballpark of 300,000 for construction money earlier.
25 There was a small planning grant last year.

1 MR. BANNER: I think we have somebody that
2 wants to speak to that.

3 MS. WHITTED: I'm the Executive Director of the
4 Museum. Our grand opening is May 24th for the new addition on the
5 project, and it'll be at 2:00, and I hope you can join us. The project before
6 you, we were allocated \$50,000 for a grant last year. This is a brand new
7 concept for the Village of Crab Orchard. This is across the street, and we are
8 moving into this place and trying to get some dollars to do this new project.

9 DELEGATE KILGORE: Thank you.

10 Lee County, I agree that if it's going to create jobs we've got to
11 put some money to back that, and I don't know what that's going to do.

12 Carroll County, Old High School, Oxbow, Russell County.

13 SENATOR WAMPLER: Mr. Chairman, I'd like
14 Senator Puckett here when we do this.

15 DELEGATE KILGORE: St. Paul, Saltville, Scott
16 County Economic Development Center and Scott County eCorridor Park,
17 Washington County, Habitat for Humanity, then PACE, Wytheville
18 Community Center. Regional Technology.

19 We've got \$96,000 restricted there, \$489,000 unrestricted, and
20 that's cutting it tight. The reason I'm saying it's cutting it tight is because we
21 have to have some operating budget in case something comes up over the
22 next five or ten months we may want to fund, may want to close a deal on.
23 There may be something that comes up where we can help create jobs, and
24 we want to be able to do that, wherever it might be, but if that comes up we
25 have to have some money to do these things.

1 So, are you all satisfied with what we've got here?

2 SENATOR WAMPLER: Russell County, a half
3 million dollars. Speaking with Senator Puckett, and I'll speak first, my
4 concern is that who are the prospects CGI and Northrup-Grumman, one of
5 them is going to have the state's business. I had some reservations, and I
6 said we ought to provide some economic incentives for someone to operate
7 the state's business. That's a function of marketing, and we had to do it, and
8 I'm glad we did it, and I'm happy we're able to bring jobs to Southwest
9 Virginia. I have a tremendous concern about appropriating 2½ million
10 dollars and we don't have an operating budget. I don't know of any other
11 entity that we've done something of that magnitude. I don't know how we
12 can have an operating budget that has not been presented, and we don't know
13 what it's going to be. We don't know how many people we're going to train.
14 I was thinking between now and next time, have them come back and tell us,
15 prepare an operating budget and who will be covered, whether it's two
16 people or five hundred.

17 DELEGATE KILGORE: We need to know that
18 before our next meeting.

19 SENATOR WAMPLER: I don't disagree with that,
20 but I have a fundamental concern about appropriating dollars for something
21 that we don't know. I don't know if they can present an operating budget to
22 the Staff and where it'll come from. I think those are questions that we need
23 answers for, for our statutory responsibilities. Maybe we can hear from
24 Russell County what they can do with that.

1 SENATOR PUCKETT: We're not interested in a
2 facility in September that doesn't have some action in it. What I think I'm
3 prepared to say on behalf of Russell County, that contingent upon producing
4 the information Senator Wampler has asked for, I would say to leave the
5 \$500,000 there, and we wouldn't draw it down until we can produce
6 something that either the Executive Committee or this full Board would
7 approve.

8 DELEGATE KILGORE: Our next meeting of the
9 full Commission is this week, and the next full Commission meeting will be
10 in July.

11 SENATOR PUCKETT: If we can't have
12 something by July, we don't need the \$500,000.

13 DELEGATE KILGORE: Well, then, in front of
14 the full Commission we would defer that until July. Why don't we defer it
15 till July, and either Southwest will get together before the full Commission
16 meeting or we'll defer it to the Executive Committee. I think it would be
17 better for Southwest to know more about it than the Executive Committee.
18 We should know more about it.

19 SENATOR PUCKETT: I'll be responsible to see
20 that you have a proposal by July.

21 DELEGATE KILGORE: Then Southwest, for
22 scheduling purposes, will meet the morning before the full Commission
23 meeting, and we'll take this up, and we'll say this is earmarked.

24 Going back, we still only have \$96,000 left, nobody made a
25 move. Are you comfortable spending down to \$96,000?

1 MR. FIELDS: We still don't have the \$250,000
2 that's necessary for Lee.

3 SENATOR WAMPLER: You can use your
4 unrestricted dollars, 490.

5 MR. FIELDS: We really need 150,000 to get that
6 in the operating budget.

7 MS. ROBERTS: I'm Phyllis Roberts, Southwest
8 Virginia Community College. I wanted to add to the Russell County IDA.
9 We received \$88,000, and we also have \$100,000 that's been promised to us
10 from the ARC, contingent upon us being able to put that equipment in that
11 building.

12 MR. FLANARY: Mr. Chairman, what's the
13 likelihood to make us TROF-eligible for Tim's project? We're about
14 \$150,000 short of meeting the private investment. What's the likelihood of
15 the Commission showing some flexibility in its policy?

16 DELEGATE KILGORE: I think we're going to do
17 that, and I'm not sure we have time to do it before Tim needs the money.
18 Counsel won't let us spend money if we're not authorized. That's the easy
19 way out, Ron, trying to make these people make hard decisions here.
20 Nobody wants to.

21 Any other suggestions? Do I have a motion to move the block?

22 DELEGATE JOHNSON: I move we vote on it.

23 MR. FIELDS: I didn't understand what you said.

24 DELEGATE KILGORE: I'm saying we're still a
25 little bit short, and if Lee County actually had to have the money, and I don't

1 know if we want to cut anyone down through here or make any revisions,
2 now would be the time to do it. If not, then we need to go ahead.

3 MR. MONTGOMERY: I'd make a motion that we
4 cut, we've never been in a habit of putting money in these meeting centers.
5 We've got over \$100,000 in the Town of Wytheville.

6 DELEGATE KILGORE: We've cut them down
7 already, \$141,000, didn't want to pull the whole rug out from under them.

8 SENATOR WAMPLER: Mr. Chairman, are you
9 saying five percent across the board?

10 DELEGATE KILGORE: I think everybody would
11 be okay with five percent across the board. That'll be about \$30,000. That's
12 an idea on that five percent, with the understanding at the Southwest meeting
13 in July we may have to take up Lee County.

14 MR. STEPHENSON: It may be on the table at
15 that time.

16 DELEGATE KILGORE: All right, we had a
17 motion on the block, and nobody seconded the five percent.

18 SENATOR PUCKETT: I'll second it.

19 DELEGATE KILGORE: We've got a motion for
20 the five percent and a second. Any more discussion?

21 DELEGATE JOHNSON: If the motion is passed,
22 everyone is cut back five percent. Suppose the money is not needed, will the
23 five percent be added back?

24 DELEGATE KILGORE: It'll be tough.

25 DELEGATE JOHNSON: If we're taking money

1 out and not used.

2 SENATOR WAMPLER: If we have a second
3 submission later this year. They're getting awarded 95 percent of what they
4 asked for.

5 DELEGATE KILGORE: If we can come back and
6 take care of, we'll spend what we've got right now, but as long as we can
7 come back, we can take it up then.

8 MR. FIELDS: We honestly need more balance
9 there than \$96,000 if you want to get down to it. I'd hate to see a \$250,000
10 for Washington County or Russell or Scott, and all we've got is \$96,000.

11 DELEGATE KILGORE: We'll have to borrow
12 some from Southside.

13 MR. STEPHENSON: If it's the will of the
14 Commission, the TROF panel can do the Lee County deal if it wants to.

15 DELEGATE KILGORE: That is there as a
16 backup, we'd like for them to do that. So the motion is before us.

17 MR. FIELDS: So, if it's really needed it'll come
18 from TROF?

19 MR. STEPHENSON: The request will go to
20 TROF.

21 MR. FIELDS: If we take the five percent, then
22 we're going to end up with \$130,000 added to the \$96,000 and if we know
23 that I doubt if we'll suffer five percent.

24 DELEGATE KILGORE: What's the motion?

25 SENATOR WAMPLER: As I recall, there was a

1 motion to reduce the expenditure by five percent, and there was a second.

2 DELEGATE KILGORE: Restricted. All those in
3 favor of that say aye? (Ayes.) Opposed? (No response.)

4 Anything else to come before the Committee?

5 The next Committee meeting will be the morning of the July
6 full Commission meeting.

7 All right, are there any public comments?

8 MR. STEPHENSON: For the benefit of our
9 applicants, Mr. Chairman, Staff is advancing a March 1 deadline for the next
10 official Southwest cycle, March 1, 2007.

11 MR. PFOHL: The recommendations this
12 afternoon will be acted on by the full Commission on Thursday morning.

13 DELEGATE KILGORE: All right. Thank you.

14 Do I have a motion to adjourn? We're adjourned.

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16 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, Registered Professional Reporter and Notary Public for the State of Virginia at large, do hereby certify that I was the court reporter who took down and transcribed the proceedings of the **Virginia Tobacco Indemnification and Community Revitalization Commission Southwest Economic Development Committee Meeting when held on Monday, April 24, 2006 at 2:00 p.m. at the Southwest Virginia Higher Education Center, Abingdon, Virginia.**

I further certify this is a true and accurate transcript to the best of my ability to hear and understand the proceedings.

Given under my hand this 24th day of May, 2006.

Medford W. Howard

Registered Professional Reporter

Notary Public for the State of Virginia at Large

My Commission Expires: October 31, 2006.

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